

Remarks at the US Chamber of Commerce

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Good morning. I thank the Chamber for inviting me here. I applaud the Chamber for hosting this important conference and focusing attention on the Ministerial. It is very much in the tradition of the Chamber, which has long been a steadfast ally of open markets and the rule of law.

I am especially delighted to be following up on the President's speech last night on our WTO agenda. He dramatized the stake we have in open trade and the opportunities for the American people presented by the Round of negotiations we will launch in Seattle.

The next two months - culminating with the launch of the new Round at the World Trade Organization's Ministerial in Seattle - will lay the foundation for the next decade's trade policy agenda. I want today to review our agenda and how we can work together to ensure an open and fair policy that benefits all Americans. Your role in this effort is vital.

The Ministerial will be the largest trade event in the United States, ever. It will bring thousands of people to America from all over the world - leaders in business and agriculture, citizen groups, heads of government and trade ministers. The Ministerial presents for us a unique opportunity to focus public attention as never before on the role trade plays in our prosperity and our future.

VALUE OF THE WTO

In our preparations for the Ministerial over the last year and a half, and in particular since President Clinton called for the new Round of trade negotiations last winter, we have developed a dynamic agenda that will build on the successes and lessons of the past, and meet the challenges of the future. I will review our agenda in a moment; but let me begin with some thoughts on the reason the trading system is important to us.

To begin with, of course, we live in a global economy. As President Clinton has said, globalization is not a proposal or policy choice; it is a plain fact. But how we respond to it will make all the difference. We believe that the WTO is a crucial vehicle for maximizing the advantages from, and managing our interests in a global economy. To ensure that we receive fair treatment in the global economy, we require a framework of clear, transparent and enforceable rules:

- Rules prohibiting discrimination against American products,

- rules safeguarding Americans against unfair trade,
- and rules affording commercial predictability.

And as the world's largest exporter and importer, we need such a system more than any other country. Consider the alternative -- no one would suffer more than America's workers, businesses and farmers and ranchers in a world of closed markets, abusive trade practices, and the rising international tensions trade conflicts can cause in difficult times. We have held eight trade rounds in the last 50 years, helping trade to grow fifteen-fold worldwide. As President Clinton said last night, it is no coincidence that this period has seen the most rapid, sustained economic growth ever recorded.

And in the five years since the WTO was created:

- American exports have risen by well over \$200 billion, contributing to the economic growth we have enjoyed and expanding high-skill, high-wage job opportunities.
- The WTO's strong dispute settlement system has helped us significantly improve our enforcement of trade commitments and yielded favorable results in a wide variety of sectors.
- And the WTO has given the world a crucial source of economic stability in a very difficult time. During the financial crisis of the past two years, binding WTO commitments helped resist a backward slide into protectionism of the sort that occurred in the 20's and 30's. Such a cycle of protection and retaliation would have denied affected countries the markets they need to recover, and hurt our own farmers and workers as well.

AGENDA FOR THE TRADING SYSTEM

The WTO of course must constantly be adapted and expanded to reflect our changing economy and the needs and interests of our people. We believe, based upon extensive consultations with Congress, the business community, civil society and interested members of the public, that we must move forward in several areas:

- first, to open up new market opportunities around the world -- especially since American companies and farmers are highly competitive and continue to face significant barriers abroad;
- second, to ensure that the WTO promotes the unimpeded development of trade in new and emerging areas -- such as e-commerce, telecommunications, and other services sectors where Americans excel;
- third, to be responsive to the needs and concerns of the people that the WTO is more accessible to the public, that its work is supportive of strong environmental protection and that it

most effectively maximizes benefits to working people;

- fourth, to ensure more meaningful participation of the poor and least developed countries in the world trading system;
- fifth, to bring about fundamental economic reform, new market opportunities and respect for the rule of law through the WTO accession process. While China attracts a great deal of attention, we expect that a number of countries from Central Europe will be in a position to join the WTO shortly, based on substantial economic reform and market opening commitments;
- sixth, to ensure that countries implement existing agreements and, for developing countries new commitments that come due at the end of the year, in IP and the customs areas.

It is for these reasons that the President has called for a new Round of trade negotiations.

TOWARDS THE MINISTERIAL

1. Negotiating Agenda

The core of our negotiating agenda will be broad-based market access talks designed to result in substantial benefits for agriculture, manufacturing and services; win support from a wide range of countries; and give us maximum leverage.

Agriculture, for example, is an area in which we will seek aggressive reform. We will work to eliminate, and prohibit for the future, all export subsidies, and substantially reduce trade-distorting domestic supports. We will work to lower and bind the tariffs of our trading partners, which are significantly higher than ours, and improve administration of tariff-rate-quotas. And we seek strengthened disciplines on operation of state trading enterprises. And we will work to ensure that the approval of biotechnology products is based on transparent, predictable and timely processes.

Services, which today accounts for 2/3 of our economic output, is another critical negotiating area. It is a huge area, encompassing an incredibly broad and diverse array of commerce, including telecommunications, banking, insurance, professional services, information services, health care, including telemedicine, educational services, travel and tourism, distribution and express delivery. With a liberalization framework established in the Uruguay Round agreement, the focus of this round is to maximize market access for, and reduce the potential for discrimination against, a broad range of US service providers.

Industrial market access, aimed at reducing both tariff and non-tariff barriers, will be another broad area of negotiation. Again, we have much to gain here as tariffs in other developed countries are twice as great as ours and tariffs in the developing world are, on average, 5-8 times higher than ours. We are proposing broad principles to govern these negotiations. For example, we seek to reduce the

disparities existing between the tariff levels in the U.S. and other countries. We are seeking to cap (that is, bind) all tariffs so that they cannot be raised on whim at another country's discretion. We want to look on a comprehensive basis at both tariff and non-tariff barriers, so that a country is not permitted to nullify its tariff concession by replacing the tariff with a non-tariff barrier. We are pursuing a variety of approaches to achieve greater market access, including 0 for 0 initiatives.

Trade facilitation should also be added to the negotiating agenda as it is a core part of market access and especially important to small and medium size businesses. We are pursuing a focused, high impact approach designed to ensure that our exports clear foreign customs and reach the customer as soon as possible. The critical elements are ensuring transparency of customs rules and rapid release of goods from customs. This initiative will complement our other efforts to combat bribery and corruption.

In addition to the core negotiating agenda, we must also address broader systemic issues:

First, we must ensure that the trading system promotes the unimpeded development of *electronic commerce*. E-commerce is revolutionizing the way we do business, and as the President said, can be the greatest global force for prosperity in the new century. Our goal in the WTO is to promote the most trade liberalizing approach to e-commerce, which must be flexible enough to anticipate new technologies and take account of the fact that neither businesses nor scientists can fully predict the future of electronic commerce. So our guiding principle in the WTO is "do no harm", and we can do this by preventing barriers, such as tariffs, from being erected in the first place.

Another cross cutting issue is ensuring that trade liberalization complements and supports our *environmental initiatives*, for example through an early environmental review of the Round, and initiatives like liberalizing trade in environmental goods and services, and eliminating fishery subsidies that contribute to overcapacity.

Trade and labor -- We must also ensure that the WTO maximizes the benefits to working people and that working people everywhere feel they have a stake in global trade. To this end, we propose a working group in the WTO on trade and labor. We also propose ILO observership and thus closer collaboration between the ILO and the WTO.

2. Achievements At Seattle

At the Ministerial, we also hope to conclude several initiatives that will both have concrete benefits, and help create momentum for the Round itself. These include:

- An agreement on transparency in government procurement, which will discourage corruption in the \$3.1 trillion government procurement market.
- We also hope to extend the moratorium on tariffs applied to electronic commerce, sending an important signal about keeping this thriving area free of trade restriction.

- To reach consensus on the Accelerated Tariff Liberalization proposal to harmonize or eliminate tariffs in eight industrial sectors, accounting for one third of U.S. exports. Most recently, APEC leaders from 21 nations and accounting for half of world trade endorsed all three of these initiatives giving important momentum to the effort.

3. Institutional Reforms

Finally, we will seek significant institutional reforms at the WTO. The principal areas here will include ensuring maximum transparency at the WTO, including opening dispute panels to public observers, earlier release of documents, and enhanced ability for civil society groups to present their views, including to dispute settlement panels.

And we will improve the WTO's capacity-building function, to ensure that developing countries, and in particular the least developed, can fully implement commitments in complex areas like intellectual property and services, and take advantage of market access opportunities. This is in our interest, both through our general support for development overseas and because growth in less developed countries makes them better markets for Americans.

4. Timetable

Finally, we are building consensus on a timetable to secure our goals on a timely basis. Most WTO members now agree with us that the Round should be completed within three years, rather than the much longer trade negotiations of the past. We are also working with other countries to reach a consensus on the need for substantive negotiations to begin immediately, with formal proposals in all negotiating areas to be tabled by mid-2000 and further benchmarks for progress in the months ahead.

PUBLIC CONSENSUS FOR TRADE

Altogether, this is a comprehensive agenda. It will create new opportunities for American companies, workers and farmers; help raise living standards for Americans; and also to help build a more prosperous, law-abiding, environmentally sound, and equitable world economy.

The opportunity is great. But success will only come with a foundation of public support for trade policy. The Ministerial is a unique opportunity to build this foundation.

You now have a vital role, as the Ministerial approaches, in making sure the public fully appreciates the importance of trade to our prosperity, to our future, to our lives. To the living standards of families; the economic security of farmers; the prospects of workers for better jobs and rising incomes; and for our nation's aspiration to build a stronger peace in the next century.

Thank you very much.

